ARMY APC CONFERENCE

Nashville TN
18 Jun 2003

Bank of America

Agenda

- FYTD Recap
- Program Overview
- Best Practices
- Disputes
- Training
- System Enhancements
- GSA Conference

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FYTD Recap

- Accounts
- Spend
- Delinquency
- Rebates

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Current Population
As of 31 May 2003

- Open Accounts 295,833
- Closed Accounts 440,124

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HL3 Spend Averages

HL3 Name	Spend	Transaction Count	Account Count	Average Spend by HL 3	Average Transaction
ARMY NATIONAL GUARD	$22,723,632	336,144	188,780	$336,212	$68
US ARMY MATERIAL COMMAND	$21,744,116	160,692	78,619	$160,827	$135
US ARMY FORCES COMMAND	$19,736,556	226,864	142,652	$226,951	$87
US ARMY TRAINING AND DOCTRIN	$16,382,197	174,836	102,761	$174,930	$94
USA CORPS OF ENGINEERS(USACE)	$12,016,533	98,003	61,858	$98,126	$123
US ARMY RESERVE COMMAND	$9,061,106	110,990	52,062	$111,072	$82
US ARMY SPECIAL OPERATIONS COM	$8,666,598	88,258	48,861	$88,356	$98
US ARMY MEDICAL COMMAND	$6,342,661	53,261	51,617	$53,380	$119
OPERATING AGENCY 22	$5,007,832	35,839	20,808	$35,979	$140
US ARMY EUROPE AND 7TH ARMY	$4,702,088	38,810	46,201	$38,931	$121
INTELLIGENCE AND SEC COMMAND	$3,323,761	25,351	17,275	$25,482	$131
HEAQUARTERS MILITARY TRAFFIC M	$2,456,198	16,436	5,494	$16,585	$149
ARMY TEST AND EVALUATION CMND	$2,032,750	18,502	10,706	$18,612	$110
US ARMY SOUTH	$1,995,400	14,752	6,401	$14,887	$135
SPACE AND MISSILE DEFENSE COMM	$1,998,338	11,432	3,872	$11,607	$175
US ARMY PACIFIC(USARPAC)	$1,734,173	14,967	13,070	$15,083	$116
NETCOM	$1,532,867	14,190	13,624	$14,298	$108
U.S. ARMY CRIMINAL INVESTIGATI	$1,111,630	9,863	3,820	$9,976	$113
EIGHTH US ARMY US FORCES KOREA	$697,465	6,756	8,616	$6,859	$103
ADVANCE CONCEPT TASK & EVAL AG	$513,156	4,253	1,919	$4,374	$121
MILITARY DISTRICT OF WASHINGTO	$495,614	4,778	6,774	$4,882	$104
IMA	$475,451	3,822	1,823	$3,946	$124
US ARMY ELEM ALLIED CMD EURO	$462,271	3,029	2,575	$3,182	$153
COMMUNITY & FAMILY SUPPORT CEN	$431,513	3,783	1,602	$3,897	$114
UNITED STATES MILITARY ACADEMY	$354,163	3,259	2,800	$3,368	$109
USA MILITARY ENTRANCE PROC CMD	$337,010	3,913	3,339	$3,999	$86
HQ OCAR	$138,775	1,450	1,301	$1,546	$96
CHEMICAL DEMILITARIZATION (PMC	$136,696	1,327	559	$1,430	$103
DASA FO	$45,808	1,124	604	$1,165	$41
ARMY ORPHAN	$44,862	640	192	$710	$70
VOIDED UNIT	$5,615	186	63	$216	$30
(blank)	$997	19	6	$71	$52
ARMY -CLOSED/UNIDENTIFIED	$0	3	3	$3	$0
US ARMY RSRCH INST ENVIRO MED	$0	-	3	$0	$0
Grand Total	$146,707,832	1,487,532	900,660	$1,490,941	$3,409

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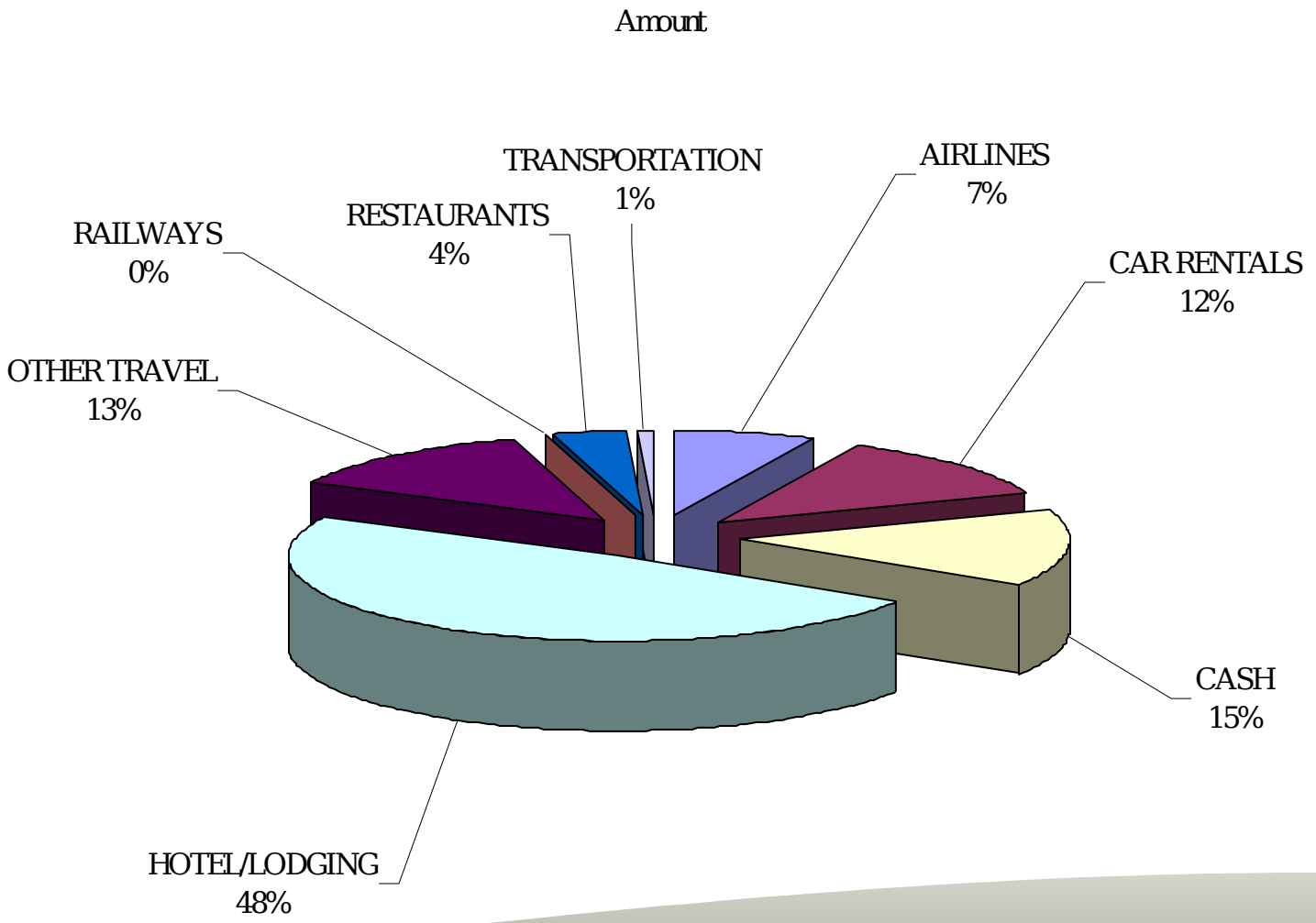
Monthly Spend Averages

Month	Account Count	Amount	Transaction Count	Average Transaction	Average Account Spend
2003-01	300,139	$40,267,001	464,582	$87	$134
2003-02	298,483	$49,440,673	490,767	$101	$166
2003-03	302,038	$57,000,157	532,183	$107	$189

Travel $ Industry Spend
(FY 2003)



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Top Ten "Other Travel" Category MCC B

MCC Description	MCC_CODE	Amount	Count	% of Total	Average Transaction
Service Stations					
	5541	$972,172	49,515	6%	$20
	5542	$2,952,480	158,496	17%	$19
Government Services					
	9399	$3,206,079	57,127	19%	$56
Other					
		$2,810,539	263,003	17%	$11
Personal Services					
	7299	$2,781,449	3,393	16%	$820
Grocery Stores					
	5411	$1,408,935	37,013	8%	$38
Parking Lots/Garages					
	7523	$1,003,398	29,005	6%	$35
Direct Marketing					
	5969	$676,500	1,692	4%	$400
Membership Organizations					
	8699	$408,278	1,055	2%	$387
Business Services					
	7399	$398,766	2,114	2%	$189
Professional Services					
	8999	$327,768	852	2%	$385
Grand Total		**$16,946,362**	**603,265**	**100%**	**$28**

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Travel $ Industry Spend by Top 5 Vendors (FY 2003)

Travel Grouping	Vendor	Total Amount	Count	Average Ticket	Category Total
AIRLINES	DELTA	$6,094,783	17,771	$343	
	AMERICAN AIRLINES	$3,751,073	10,283	$365	
	U.S. AIR	$3,108,303	8,178	$380	
	UNITED AIRLINES	$1,587,013	4,091	$388	
	NWA AIR	$893,866	2,429	$368	
	AIRLINES Total	**$15,435,037**	**42,752**	**$361**	**$ 19,422,341**
CAR RENTALS	HERTZ CORPORATION	$8,441,419	29,595	$285	
	Automobile Rental Agency-not elsewhere classified	$4,455,036	16,224	$275	
	THRIFTY RENT-A-CAR	$4,145,269	20,948	$198	
	ENTERPRISE RENT-A-CAR	$4,138,180	15,709	$263	
	DOLLAR RENT-A-CAR	$3,855,938	20,460	$188	
	CAR RENTALS Total	**$25,035,841**	**102,936**	**$243**	**$ 35,431,871**
HOTEL/LODGING	Lodging-Hotels, Motels, Resorts-not elsewhere classified	$62,518,206	229,485	$272	
	HOLIDAY INNS	$12,848,976	59,866	$215	
	MARRIOTT	$6,213,479	20,169	$308	
	HILTON HOTELS	$4,649,311	15,089	$308	
	HAMPTON INNS HOTELS	$4,292,487	21,132	$203	
	HOTEL/LODGING Total	**$90,522,458**	**345,741**	**$262**	**$138,386,773**

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Top 10 City Pair Destinations (FY

City Pair	Count	% of Total
Denver to Phoenix (DEN) (PHX)	350	3%
Denver to Washington (DEN) (IAD)	338	3%
Denver to Washington (DEN) (DCA)	273	2%
Denver to Las Vegas (DEN) (LAS)	230	2%
Anchorage to Fairbanks (ANC) (FAI)	226	2%
Boise to Phoenix (BOI) (PHX)	198	2%
Hilo to Honolulu (ITO) (HNL)	170	1%
Albuquerque to Washington (ABQ) (DCA)	166	1%
Albuquerque to Denver (ABQ) (DEN)	146	1%
Denver to Salt Lake City (DEN) (SLC)	136	1%
Total Top 10	2,233	17%
All Others	10,850	83%
Grand Total	13,083	100%

Average Monthly Spend Comparisons (FYTD 2003)

Current Fiscal Year	Current Agency	DOD	Non DOD
Average Transaction Amount	$97	$150	$210
Average Account Spend	$157	$265	$476

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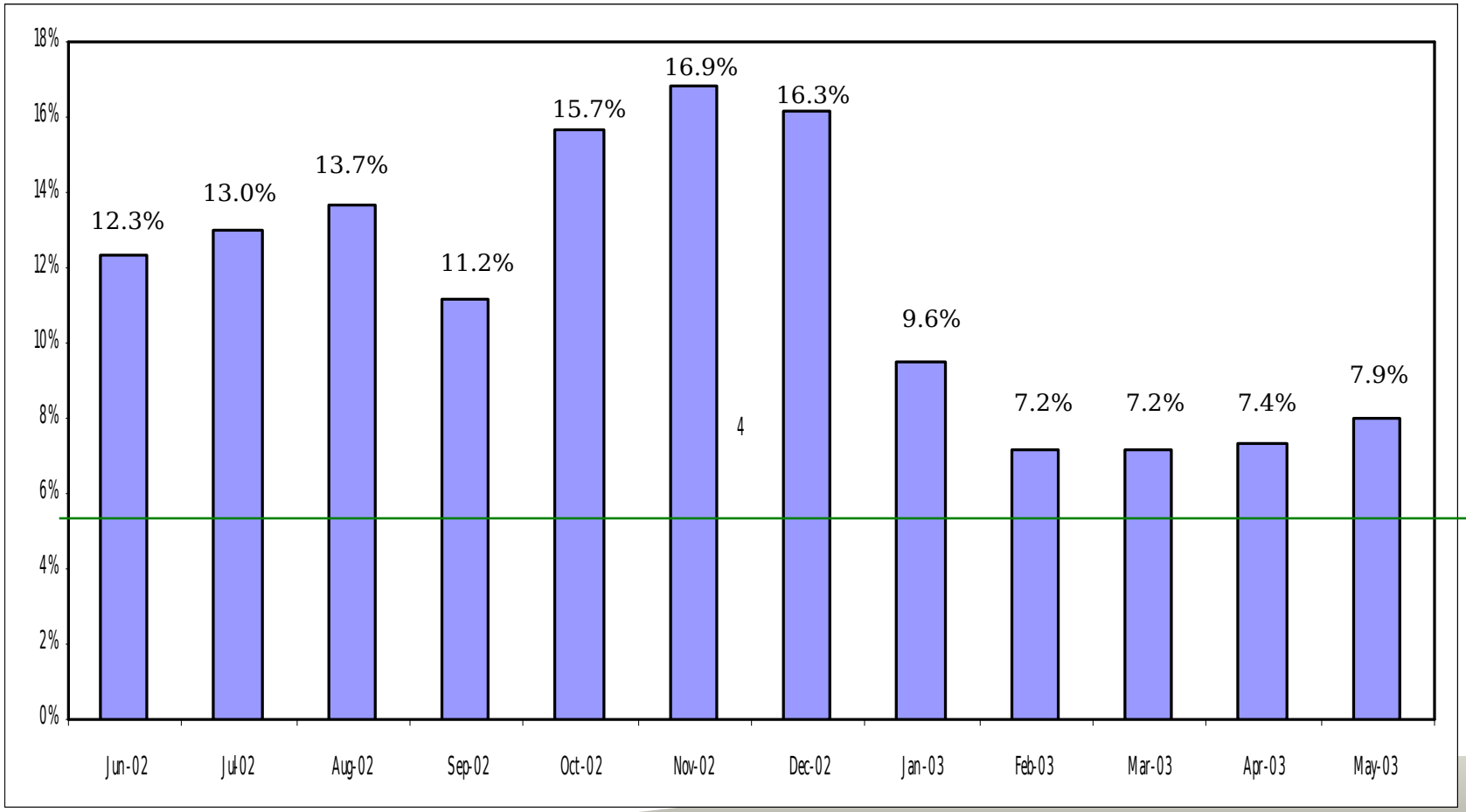
Delinquency Management

US Army making improvement overall



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Delinquency Impacts

US Army soldiers impacted by delinquency FY 2002

Late Fee	Reduced Payment Plan	Salary Offset	Returned Check
$29	$10/ month	$80 per account	$29
94,029	3,469	12,285	5,350
$2,726,841	$104,070	$982,800	$155,150

Additionally, 24,392 accounts have been charged off and reported to credit bureaus since inception

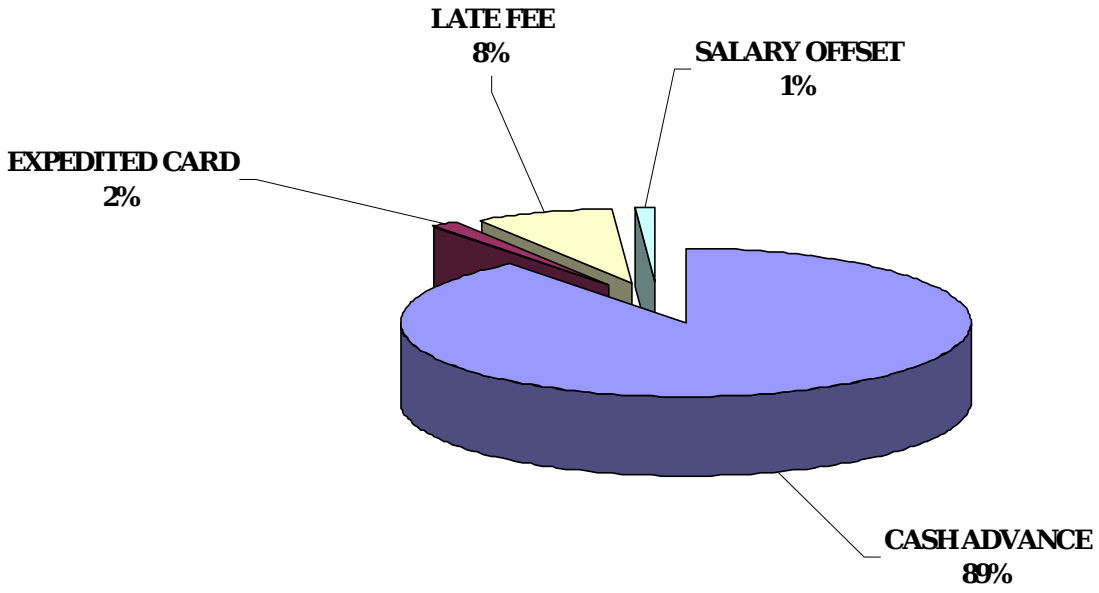
Total Fee Count

Year_Month	CASH ADVANCE	EXPEDITED CARD	LATE FEE	SALARY OFFSET	Grand Total
2003-01	71,293	2,813	5,939	801	80,846
2003-02	65,558	2,292	5,026	614	73,490
2003-03	70,835	1,709	3,930	385	76,859
Grand Total	207,686	6,814	14,895	1,800	231,195

Roll Rates FYTD 2003

Year_Month	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS
2002-10	24%	25%	41%	93%	43%	277%
2002-11	26%	26%	44%	107%	43%	143%
2002-12	24%	25%	43%	110%	42%	154%
2003-01	29%	29%	45%	106%	40%	118%
2003-02	24%	19%	35%	92%	33%	102%
2003-03	25%	25%	37%	86%	36%	92%

Fee Pie Count % (FY 2003)



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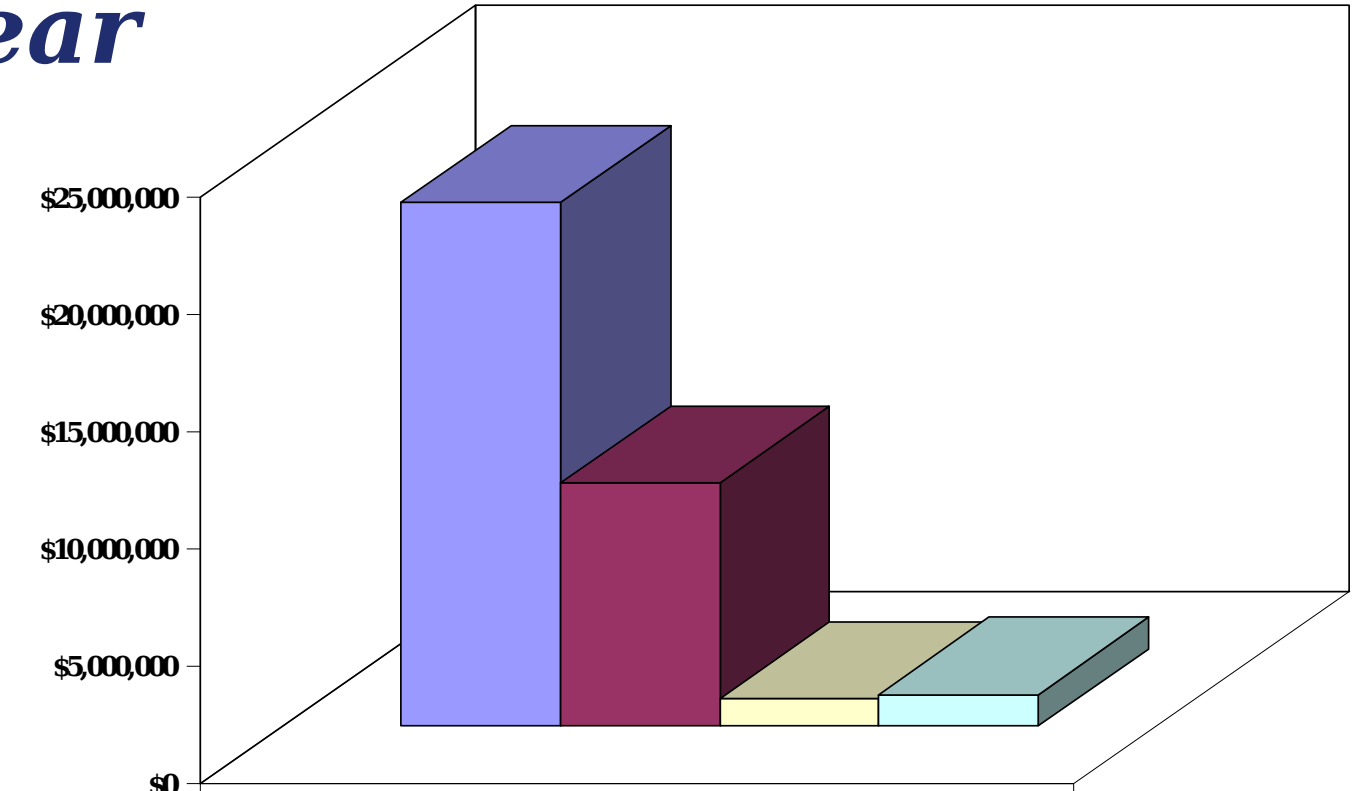
Split Disbursement Payments

COUNTS	2001	2002	2003
SPLIT DISBURSEMENTS	272,693	435,848	227,307
TOTAL PAYMENTS	1,247,349	1,266,377	595,722
% OF TOTAL	21.86%	34.42%	38.16%

Total Charge Offs by Fiscal Year



	Total
Prior to 2001	$22,347,939
2001	$10,348,333
2002	$1,166,164
2003	$1,323,073

Net IBA Charge Volume Refund*

HL 3 NAME	FY 2002 TOT	FYTD 2003
ADVANCE CONCEPT TASK & EVAL	$7,541.37	$1,623.82
ARNG	$242,452.20	$58,850.09
ARMY TEST & EVAL CMND	$22,521.51	$5,597.15
CHEMICAL DEMILITARIZATION	$1,130.00	$397.06
COMMUNITY FAMILY & SUPPORT	$5,715.53	$1,247.42
EIGTH US ARMY FORCES KOREA	$12,357.16	$2,099.79
HQ MTMC	$24,639.97	$5,191.35
HQ OCAR	$2,387.65	$419.63
INTELLIGENCE & SEC COMMAND	$1,822.16	$9,272.37
MDW	$4,815.78	$1,374.96
OPEARTING AGENCY 22	$44,336.65	$13,374.32
SPACE & MISSILE DEF CMND	$15,696.96	$5,595.85
US ARMY CRIMINAL INVESTIGATION	$17,173.89	$3,179.86
US ARMY ELEM ALLIED CMD EURO	$5,360.53	$1,339.26
US ARMY EUROPE & 7TH ARMY	$65,250.48	$13,666.86
US ARMY FORCES CMND	$207,946.83	$50,532.46
US ARMY MATERIAL CMND	$197,130.82	$61,843.56
US ARMY MEDICAL CMND	$62,175.17	$16,988.85
US MILITARY ACADEMY	$4,559.54	$963.01
USARPAC	$26,955.47	$1,423.67
USARC	$88,196.37	$24,340.98
US ARMY SOUTH	$20,047.95	$4,344.74
US ARMY SPECIAL OPER CMND	$88,152.90	$18,420.13
US ARMY TRAINING & DOCTRINE	$149,495.49	$48,260.56

*Total not representative of actual refund received

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Program Review

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Program Performance Measures

- 2002
  - Bank of America began assessing all facets of the Government Card Agencies programs to determine performance
  - Reporting only provided at HL 1
- 2003
  - Provides information at HL 2
  - Identifying travel card program benchmarks

Key Drivers

- The following are considered in assessing program performance:
  - Transaction volume, both number and amount
  - Both open and active number of cardholders
  - Non-Interest Income
  - Administrative and Overhead
  - Customer Services
  - Operations
  - Technology Costs
  - Credit and Fraud Losses
  - Net cost of funds

Impacts

- Open accounts with no activity COST as much to maintain as open accounts with activity
- Open accounts with no activity negatively impacts performance measures
- It costs A LOT more to talk to a person or to send us paper than to use EAGLS or the VRU
- CBA's are more profitable than IBA's
  - (most cases)

Army vs. the rest of DOD

- Army ranks first, Air force last… Navy and Marines in the middle due to:
  - Greater utilization of CBA's
  - Revenue per account is higher
    - IBA and CBA
    - Expenses are lower
      - Greater response to Infrequent Travelers
      - Army generates more fee income

US Army Travelers 1 Jun,2002 – 29 May, 2003

- Infrequent Travelers 91,229
  - Total US Army accounts with <$1,000 spend previous 12 months

EIGHTH US ARMY US FORCES KOREA	874
INTELLIGENCE AND SEC COMMAND	1,492
HQ OCAR	133
UNITED STATES MILITARY ACADEMY	321
MILITARY DISTRICT OF WASHINGTO	784
USA CORPS OF ENGINEERS(USACE)	6,860
USA MILITARY ENTRANCE PROC CMD	501
US ARMY TRAINING AND DOCTRIN	11,404
US ARMY SOUTH	399
US ARMY PACIFIC(USARPAC)	1,196
SPACE AND MISSILE DEFENSE COMM	194
HQ MILITARY TRAFFIC MGT CMD	394
US ARMY SPECIAL OPERATIONS COM	4,190
US ARMY MEDICAL COMMAND	6,062
COMMUNITY & FAMILY SUPPORT CEN	117
OPERATING AGENCY 22	1,933
ARMY TEST AND EVALUATION CMND	1,023
ARMY NATIONAL GUARD	21,625
CHEMICAL DEMILITARIZATION (PMC	43
ADVANCE CONCEPT TASK & EVAL AG	134
US ARMY MATERIAL COMMAND	7,050
US ARMY RESERVE COMMAND	5,075
U.S. ARMY CRIMINAL INVESTIGATI	312
US ARMY FORCES COMMAND	13,368
NETCOM	1,277
US ARMY ELEM ALLIED CMD EURO	247
IMA	171
DASA FO	72
US ARMY EUROPE AND 7TH ARMY	3,949

Army Accounts with purchase activity from $1 - $1000 by HL3
06/01/2002 – 05/29/2003

US Army Travelers As of 11 May 2003

- Canceled 31,156
- Charged Off 24,392

Total closed due to delinquency 55,548

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US Army Travelers

Non-Qualifying Applicants

- Average new accounts per month 5,059
- Current Restricted:Standard 55%
- Current FICO Score cutoff 659

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US Army Travelers

Non – Qualifying Applicants, *continued*

- New DOD FICO cutoff 500
- Estimated Restricted:Standard 45%

Estimate of non-qualifying new accounts

Remainder 2003	18,208
2004 – 2008	109,248

DOD Actions Taken

- Mandatory split disbursement
  - Positive impact on delinquency
- Total reduction of cardholder base
  - Minimizes risk of abuse/misuse

  Credit Scoring
  - Positive impact on future delinquencies/rebates

Army Actions Taken

- Restrict use of travel card for certain activities
  - PCS moves
  - Conference Fees
- Set achievable goals and manage to them
- Disciplinary policy reviews for misuse and abuse of charge cards
- Institute a culture of accountability within the travel card program

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- Review and closure of accounts with excessive returned checks
- Aging Analysis to HL7
  - ETA - July 2003

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Return Checks

- There are two areas that work return checks
  - Delinquent accounts with return checks are worked in Risk Operations
  - All accounts with return checks of $1000 and above are worked in Norfolk

Delinquent Account Process

- Daily report displays accounts with two or more returned checks cycle to date and life to date
- Review of activity on account prior to and after the returned checks
- The following information are examples of what is reviewed to assess the potential for misuse and possible check kiting:
  - Cash usage
  - Returned for Stop Pay
  - Returned for wrong/closed account
  - Charges that look to be personal (retail)

Delinquent Account Process con't

- The customer is contacted and the APC is contacted if necessary
- The account will be aged to the correct delinquency when necessary
- If contact is unsuccessful, the account will be suspended

Current Account Process

- Accounts are placed in a queue daily of all accounts with any return check of $1000 and above
- The process used to determine potential fraud is the same that is used in Risk
- The account is aged to appropriate delinquency status
- The APC is contacted
- 3 or more returned checks, the account will be reviewed for risk closure

General Return Checks Processing

- All checks are presented a second time unless they are over $1,000 or the account number is erroneous
- Return check amount is not posted to the account unless it comes back the second time
- Fee is posted on the first and subsequent return(s)
- The only time a fee is not charge is if there is an incorrect account number (a typo)

APC Best Practices for Managing Return Checks

- EAGLS reports to assist in detecting potential fraud or misuse
  - Return Check Report
  - Authorization Decline report
  - Cash/ATM report
- Reduce the cash limit on the account if fraud or misuse is suspected
- Council the account holder and ensure the return check is covered with secure funds
- Be suspicious of “local” activity
- BE AWARE

Next Steps

- Continue to aggressively work infrequent travelers
- Maximize the use of EAGLS and the VRU
- Manage delinquencies to day 45 or less
- Increase spend
  - Ensure airline tickets are charged to CBA's for those traveling on personal funds or travel advances

Best Practices – APC

- Verify travel activity against card transactions
- Identify and follow through on potential misuse
- Transaction Activity review of at least 1/12th of entire account listing each month at every level

Best Practices – Engaging Management/Command Support

- Appropriate monthly reporting
  - Management style reports
  - Ranking of all HL's (accountability)
  - Trends
    - Spend
    - Delinquency
  - Actions taken on delinquency, responses received and recommendations or requests for assistance

Best Practices – Delinquency Management

- Manage to 30 days
  - Send all cardholder's reminders at 30 days
  - Verify payment claims with DFAS
  - Follow up on reports of slow pay
  - Encourage use of "My Pay" to check status of voucher

Best Practices – Delinquency Management

- 45 Days
  - Notify supervisor via email and copy cardholder
  - Require supervisor to respond within 5 days of actions taken and cardholder response
  - Include non-responders in monthly command briefings
  - Encourage use of pay by phone after 45 days

Training

- APC Training
  - Within 60 days
- Cardholder Training
  - Initial *and* annual refresher or prior to renewal
  - Certification reported at the HL3
  - Include training on
    - Proper use of travel card
    - Voucher filing and processing
    - **Reports available to APC/Command**
    - Delinquency Impacts
    - Disputes

TRAINING

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Training

- VTC Training
  - Requires Hub site to coordinate and broadcast
  - Trainer will travel to hub site
  - Experienced EAGLS user at each site
  - Capability of training numerous APC’s

Training

- GSA Smart Conference
  - Aug 18-21, 2003 San Antonio, TX
- Delinquency/Program Management workshops
  - Coordinate with Account Manager
- On site
  - Minimum 25
- EAGLS Training Center
  - Norfolk, VA
  - Schedule on THD website

Disputing Transactions

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Disputes - Definition

- A dispute is a disagreement between the Account Holder and the Merchant with respect to a transaction

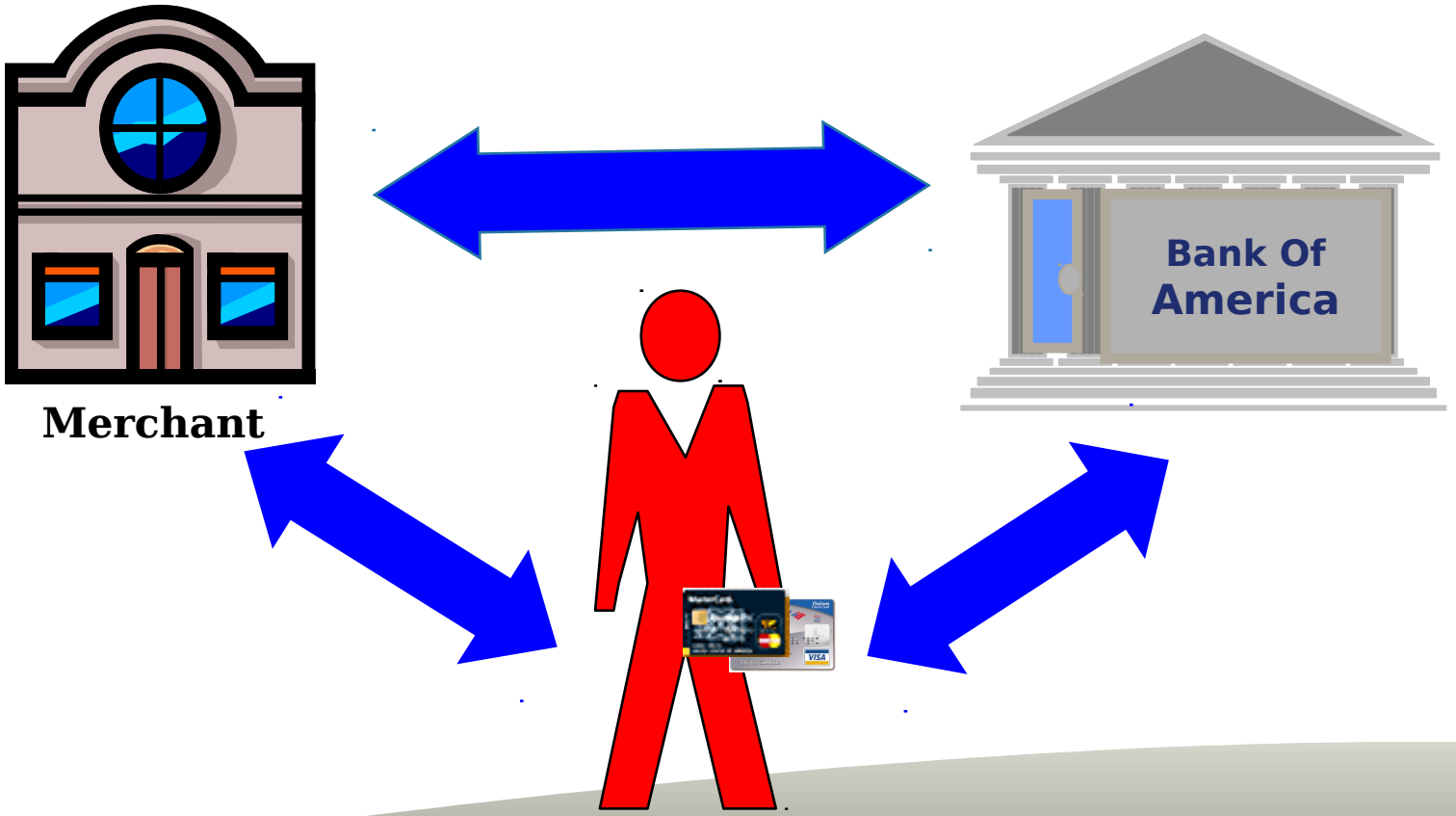
  - Account Holder - purchaser of goods and/or servic
  - Merchant - provider of goods and/or services
  - Issuer - Card issuer - Bank of America
  - Visa/MasterCard

Disputes - Reasons

- The top reasons our customers dispute transactions are:
  - Unauthorized / Unrecognized Transactions
  - Sales draft not received for T&E
  - Processing errors/Duplicate charges/Merchant overcharges
  - Credits not received
  - Paid by other means

Transaction Life Cycle

Through the Eyes of the Account Holder



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Disputes - Facts

- All disputes must be filed *in writing*
  - Based on the rules and regulations of VISA/MasterCard, the Accountholder's signature and supporting documentation may be required to complete the process of disputing a transaction

Disputes - Facts, continued

Timeframe

60 days from the statement date on which the transaction first appears

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Dispute Process

- Reconcile statement
- Contact Merchant – if the merchant agrees to issuing a credit, obtain a copy of the credit voucher
- Call to initiate dispute
  - Provisional credit will be issued
- Case opened
  - Dispute form sent to accountholder
  - Form received back from accountholder
  - Charge back process begins
  - Could take up to 180 days or more to resolve

Disputes – Process, continued

- Must answer all requests for additional information
  - ***In writing***
    - FAX 888-678-6046
    - USPS
    - e-mail if the authorized sender is identified in the “from” e-mail address

Any request for additional information that remains unanswered will nullify and void the dispute

Accountholder Responsibilities

- Reconcile statement
- Contact Merchant
- Notify Card Issuer
- Send *written* documentation
  - FAX 1.888.678.6046
  - USPS
  - e-mail to government.claims@bankofamerica.com _
    (to initiate dispute only!)

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What the cardholder can expect

- Provisional Credit immediately posted to the account
- Dispute form or request for additional information received via USPS
- Provisional credit removed if form or request for additional information is not returned by next billing cycle

Issuer Responsibilities

- Acknowledge receipt of the dispute
- Track progress related to the dispute
- Provide salesdraft copy if requested
- Investigate disputed transaction through resolution
- Provide temporary credit
- Chargeback merchant if appropriate

Merchant Responsibilities

- Provide sales draft to issuer within 45 days of request
- Either credit the accountholder’s account or respond with proof of valid charge

The Chargeback Process

Chargeback

Procedure where the Issuer (Bank of America) charges all or part of a transaction back to the Merchant in accordance with Visa/MasterCard regulations

The Chargeback Process,
continued

- Chargebacks are initiated by the issuer
- All parties involved have rights
- Must provide accurate information
- Must meet certain timeframes

The Chargeback Process,
continued

- Resolution
  - May take up to 3 billing cycles to resolve
  - Merchant will either accept the chargeback or resubmit with proof of valid charge by providing additional documentation. The Issuer will then review and determine if the documentation proves validity of the charge, if not the chargeback process will continue

Items Not Subject to Dispute

- Bank fees
- Agency Fees
- Car Rental Damages
- Charges due to non-adherence to cancellation policies
- Recurring Billings
- Convenience Checks
- Traveler’s Checks

Best Practices - Disputes

- Always obtain and keep record of cancellation number and ensure cancellation is made within cancellation timeframe
- Airline Transactions
  - Accountholder should follow command procedure for cancellation or unused portion.
  - Accountholder should contact the airline to verify credit for cancellation or unused portion
  - Accountholder should obtain a credit voucher

Best Practices

- Reconcile billing statement upon receipt
- First attempt to resolve directly with Merchant
- File dispute *in writing* within 60 days
- Respond promptly to any and all requests for additional information - *in writing*

How to Contact Us

- Initiate dispute
  - Call Customer Service @ 1.800.472.1424
- Lost / Stolen Card
  - Contact Customer Service @ 1.800.472.1424 to report

System Enhancements

- On line bill pay
- On line applications
- On line POC maintenance
- Bulk maintenance

GSA Conference

- No Class Registration
- Service specific training tracks
- New Rookie Review course
- Presentations, various departments
- Hands on classes - first come first serve
  - EAGLS – basic, advance, reporting tool
  - 70 computers
  - Auditorium seating